

## Fiscal Highlights

### **Is there a Relationship between Educational Attainment and Employment Growth?** - Thomas E. Young

The Education Interim Committee heard presentations on long-term planning for educational attainment. As background, the following is what the relationship is between the percentage of the population with a Bachelors degree or higher and employment growth.

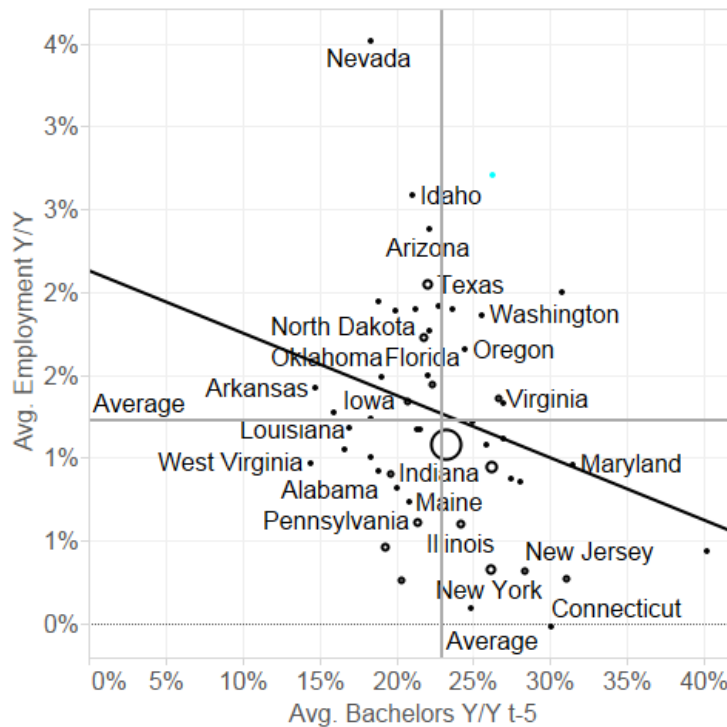
Overall, the relationship is negative over all years. The negative correlation simply means that states where a higher percentage of the population has a Bachelors degree generally experience slower employment growth.

The linear result would imply that, for example, if the percentage of individuals with a Bachelors degree in Utah went from say 33% to 40%, the anticipated average growth rate would decline from say 3.2% to 2.5%.

Here's how the relationship has changed across time in animated GIF format. Overall, the relationship is always negative, and has become weaker over time. In general, in years of economic growth, employment growth is faster in areas with lower educational attainment numbers, while in recession years, employment growth is higher in areas with higher educational attainment.

The result might be due to the lagged effect education may have on employment. The following static picture averaged across all years and animated GIF do not confirm any lagged effects when looking at a five-year period.

Average Y/Y Employment Growth and Average Educational Attainment (t-5)



The result that a more highly educated workforce generally experiences slower employment growth may be due to wage pressure (states with higher average wages generally grow slower), differences in the industry makeup within each state, the shifting of earning potential out more years, and other factors.

In any event, places where educational attainment is more prevalent generally experience lower employment growth.